

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**STATUS REPORT OF THE PUERTO RICO FISCAL AGENCY AND FINANCIAL
ADVISORY AUTHORITY REGARDING THE GOVERNMENT OF PUERTO RICO'S
RECENT ACTIVITIES AND RESPONSE TO THE ONGOING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), through its undersigned counsel, submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the “Government”) in response to the Court’s Order Regarding Procedures for the June 16-17, 2021 Omnibus Hearing [ECF No. 16898] and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT²

The Government's top priority continues to be safeguarding public health and safety, ensuring the provision of public services, addressing the economic distress caused by the COVID-19 pandemic and stimulating economic activity. As a result of the Government's measures to curb the spread of the virus and the Department of Health's ("DOH") successful vaccination plan, COVID-19 cases and hospitalizations have decreased significantly in Puerto Rico. Currently, there are less than 100 hospitalizations due to COVID-19 in Puerto Rico and the positivity rate of new cases is less than 2%. Further, more than 3 million COVID-19 vaccines have been administered, and over 50% of all eligible residents in Puerto Rico have been fully vaccinated. These efforts have paved the way to continue to gradually reopen Puerto Rico's economy.

Due to these and other factors, there have been signs of improvement in Puerto Rico's economy in the past months. The Puerto Rico's Economic Activity Index ("EAI") published by the Economic Development Bank of Puerto Rico, an indicator of general economic activity in Puerto Rico, increased by 4.0 percent during April 2021 when compared to the preceding year.³ This is the first increase after 12 year-over-year consecutive decreases followed by a stagnant growth rate during March 2021, due to the COVID-19 pandemic. Since January 2021, hotel occupancy has nearly tripled and current bookings for 2021 are expected to exceed record-setting numbers observed in 2019. To reach pre-pandemic levels, economic activity will require a consistent multi-sector recovery pace.

² Defined terms not otherwise defined herein shall have the same meaning given to them in *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico's Recent Activities and Response to the Ongoing Covid-19 Pandemic* (the "April Report") [ECF No. 16616].

³ See, <http://www.bde.pr.gov/BdeSite/PREDDOCS/EDB-EAI.pdf>.

The Government also continues to disburse federal and local aid to residents, businesses, hospitals, and municipalities. Since the last status report, the Government has announced funding to continue vaccination efforts, aid municipalities, rebuild schools, assist the University of Puerto Rico, and provide funding for hospitals, restaurants and other industries, among other areas. These efforts are detailed below.

I. Executive Orders to Gradually Reopen Puerto Rico

1. Following the Center for Disease Control and Prevention (“CDC”) Guidelines, on May 20, 2021, the Governor signed Executive Order 2021-036 (“Executive Order 36”) to, among other things, eliminate the curfew established by the previous executive orders and ease certain restrictions in connection with the Government’s efforts to curb the spread of COVID-19 in Puerto Rico. Among other things, Executive Order 37 allowed businesses to operate at a 50% maximum capacity Monday through Sunday from 5:00 a.m. to 12:00 a.m.

2. That same day, on May 20, 2021, the Governor also signed Executive Order 2021-037 (“Executive Order 37”), to establish new rules for all travelers entering the island from domestic and international destinations. Executive Order 37 provides that travelers entering through any of the island’s airports are required to fill out a “Travel Declaration Form” through the DOH’s online portal. Fully vaccinated travelers entering on domestic flights are permitted to upload their COVID-19 vaccination card instead of providing proof of a negative test result. International travelers, on the other hand, must provide proof of either a PCR molecular or antigen COVID-19 negative test result performed within 72 hours of arrival. Travelers arriving without a negative test result are required to obtain a PCR molecular test or an antigen within 48 hours of arrival and provide proof of a negative test result, or otherwise will receive a \$300 fine. To assist travelers who are not vaccinated or traveling internationally, the Luis Muñoz Marín International

Airport offers PCR molecular COVID-19 tests on-site, seven days a week from 6:00 a.m. to 8:00 p.m.

3. Given the decrease in COVID-19 hospitalizations, on June 3, 2021, the Governor signed Executive Order 2021-043 (“Executive Order 43”), to ease further the commercial and recreational restrictions. Among other things, Executive Order 43 provides the following:

- Fully vaccinated individuals in indoor spaces are not required to wear masks if all the individuals inside the indoor area are fully vaccinated.
- Fully vaccinated individuals are not required to wear masks when outdoors.
- Private sector businesses that serve the general public, including restaurants and casinos, may operate at a 75% maximum capacity, except movie theaters, bars, nightclubs, coliseums, and convention centers, which may operate at a 50% maximum capacity.
- Beaches, pools and marinas may open but visitors must maintain a 10-foot social distance.

4. Governor Pierluisi will continue to work closely with experts from various sectors to monitor the spread of the virus in order to adopt or modify any necessary restriction that may be required on a timely basis.

II. Status of COVID-19 Vaccination Process, Infections and Hospital Capacity

5. Since the April Report, the DOH continues to focus its efforts on implementing its vaccination plan across the island to control the spread of the COVID-19 virus and achieve herd immunity. To that end, the DOH has established vaccination centers, and is conducting vaccination events, across the island, and continues its educational campaign to encourage individuals to get vaccinated. As a result of the success of these efforts, the hospitalizations due to COVID-19 have decreased dramatically to less than one hundred, and the positivity rate of new cases is currently less than two percent (2%). Further, the DOH continues to strengthen its contact tracing system

and genomic surveillance program, and continues with its massive testing events, to monitor the spread of the COVID-19 virus and to identify new variants.

6. As of June 15, 2021, the DOH has administered 3,288,139 doses of the COVID-19 vaccines and estimates that over 50% of all eligible residents in Puerto Rico have been fully vaccinated.⁴ Currently, the DOH receives approximately 160,000 doses of the COVID-19 vaccines each week.

7. As detailed in the previous reports, the DOH maintains a “dashboard”, through which it provides daily updates on COVID-19 related statistics.⁵ As of June 15, 2021:

- Puerto Rico had 122,602 confirmed cases, 16,847 probable cases, and 2,536 reported deaths.
- 1,396 ventilators are in stock and available to be used in Puerto Rico, of which 346 are in use at this time. Of these, 32 are pediatric ventilators.
- 58 patients are currently hospitalized due to COVID-19 of whom 10 are in intensive care, and 3 are using ventilators.
- 4,162 adult beds and 475 pediatric beds are currently in use out of a total 6,919 and 1,262 hospital beds, respectively.

III. Update on Funding Related to COVID-19 and Disaster Relief Funds

A. Federal Funding under the American Rescue Plan Act

8. As advanced in the April Status Report, on March 11, 2021, President Biden enacted the American Rescue Plan Act (“ARPA”) - a \$1.9 trillion economic stimulus bill to help states and territories combat the economic effects of the COVID-19 pandemic. In addition to the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act funds, the Government of Puerto

⁴ See, <https://covid19datos.salud.gov.pr>.

⁵ See, <https://covid19datos.salud.gov.pr>.

Rico will receive approximately \$2.47 billion under the ARPA to mitigate the impact of the COVID-19 pandemic and to stimulate the economy. Under ARPA, the Federal Government will also allocate \$801 million to 27 eligible municipalities, with more than fifty thousand residents. The Governor has announced that it plans to transfer \$124 million of ARPA funds allocated to the central government to the remaining municipalities.⁶

9. The Disbursement Oversight Committee established by Executive 2020-040, consisting of the Executive Director of AAFAF as its Chairman, the Secretary of the Department of the Treasury and the Director of the Office of Management and Budget, will monitor the processing of the ARPA funds to ensure compliance with the statutory requirements.

10. On June 7, 2021, the Governor announced a strategic plan for the first phase of disbursements of the ARPA funds and which will commence in the coming weeks. In the first phase, the Government will distribute \$520 million, including:⁷

- \$94 million to the University of Puerto Rico to ensure that the university has sufficient funds to provide educational services of excellence.
- \$200 million to first responders and essential workers who worked in-person during the pandemic. Eligible workers will receive a special payment of \$2,000 each.
- \$111.5 million for ongoing pandemic response initiatives, including: \$75 million to cover losses sustained by hospitals during the pandemic; \$20 million to strengthen the DOH's genomic surveillance contact tracing system; \$10 million to provide vaccine incentives, including lotteries and raffles; and \$1.5 million to develop a digital vaccination passport.
- \$100 million to restaurants, bars and agriculture businesses to provide incentives to recruit employees.

⁶ See, <https://www.fortaleza.pr.gov/content/gobierno-somete-solicitud-de-fondos-para-recibir-distribucion-de-nueva-ronda-de-asistencia>.

⁷ See, <https://www.fortaleza.pr.gov/content/gobernador-pierluisi-anuncia-distribucion-de-5205-millones-de-fondos-arpa>.

- \$15 million for a program to assist non-for-profit institutions.

11. On June 9, 2021, the Governor announced the allocation of \$195.5 million of ARPA funds to repair structural problems that have been identified in public system schools around the island. The Puerto Rico Infrastructure and Financing Authority will be leading the project and has estimated that 684 schools will be repaired with these funds.⁸

B. Federal Funding Under the Coronavirus Relief Fund

a. Enhancing Transparency

12. On May 12, 2021, AAFAF announced new features and functionalities of the Transparency Portal of the Central Office for Recovery, Reconstruction and Resiliency (“COR3”), where citizens may obtain information on the flow of the CARES Act Coronavirus Relief Fund (“CRF”), which are intended to strengthen transparency in the management of these federal funds. As detailed in previous reports, AAFAF publishes detailed reports on CARES Act funding and CRF disbursements. However, in order to disclose additional financial information, the following information has been added to the COR3 portal, which is available at <https://recovery.pr/en/flexible-page?pageId=3454>.⁹

- Summary of the CARES Act with an interactive timeline showing the federal response to the COVID-19 pandemic and the stages of the financial assistance.
- Details of the 20 financial assistance programs comprising the CRF in Puerto Rico.
- Financial summaries and breakdowns by recipient of the CRF funds that have been allocated and disbursed throughout Puerto Rico.

⁸ See, <https://www.fortaleza.pr.gov/content/gobernador-anuncia-millonaria-inversi-n-en-fondos-arpa-para-la-reparaci-n-de-columnas-cortas>.

⁹ See, <https://recovery.pr/en/press-releases/258>.

- Visual and interactive flows of financial assistance, graphs and municipal maps detailing CRF funds for Puerto Rico.
- Program guidelines and frequently asked questions on the CARES Act and CRF funding.

b. Update on Disbursements of CRF

13. As of June 4, 2021, the Government has disbursed approximately \$1.9 billion of the \$2.2 billion it has received under the CARES Act and the CRF. AAFAF has published a report detailing the use of these funds and the disbursements made as of June 4, 2021, which is available at <https://www.aafaf.pr.gov/wp-content/uploads/crf-strat-disbmt-plan-fund-rep-6-4-2021.pdf>.

C. Update on Disbursements Under the Emergency Measure Support Package

14. With regard to the COVID-19 Emergency Measure Support Package detailed in the previous reports, as of June 4, 2021, the Government has disbursed \$519 million out of the \$787 million approved in the package. AAFAF has published a report detailing the use of these funds and the disbursements made during the current fiscal year, which is available at <https://www.aafaf.pr.gov/wp-content/uploads/covid-19-emer-meas-sup-pack-rep-6-4-2021.pdf>.

D. Update on Disaster Relief Funds¹⁰

15. The Government continues to coordinate relief and funding efforts to address the natural disasters that have affected Puerto Rico in recent years, including the continued recovery following Hurricanes Irma and Maria and the earthquakes that impacted (and continue to impact) the southern and southwestern part of Puerto Rico.

16. As advanced in previous reports, on November 20, 2020, the Governor signed Joint Resolution 773, which established a \$750 million revolving credit facility (the “Revolving Fund”) to allow the Department of Treasury to advance financing for public works to eligible central

¹⁰ The data and information provided herein has been obtained by AAFAF directly from COR3.

government agencies, public corporations, instrumentalities, and municipalities. The advances made under the Revolving Fund will be repaid with reimbursements received by FEMA, insurance proceeds, or any other funds available to the applicant. The Revolving Fund is administered and overseen by AAFAF and COR3 and will expire on June 30, 2025, at which point AAFAF and COR3 will no longer accept additional applications for advances under the fund.

17. On April 21, 2021, AAFAF and COR3 published detailed guidelines and requirements to secure advances through the Revolving Fund, which are available at <https://recovery.pr/documents/Guias%20FOR.pdf>. AAFAF and COR3 have held multiple orientation seminars to educate agencies of the Government, public corporations and municipalities on the requirements to obtain advances under the Revolving Fund.

18. As of June 7, 2021, approximately \$71.2 billion has been appropriated by the United States Congress to Puerto Rico and federal agencies for disaster relief and recovery efforts. Of this amount, approximately \$46.4 billion has been committed by federal agencies for distribution and \$20.5 billion has been disbursed. Of the amounts obligated and disbursed, FEMA has approved approximately \$34.9 billion and disbursed approximately \$14.3 billion of the total amounts detailed above. The use of these funds is detailed by the Government on the COR3 website and can be accessed at: <https://recovery.pr/en>.

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Respectfully submitted,

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